

**DUE DILIGENCE REPORT**

**Lehman Brothers Holdings Inc. and Danske Bank A/S, London Branch**  
**\$125,000,000.00 Million Assignment of Rights**

Documents / Items	Brief Description	Status / Notes
<b>LOAN DOCUMENTS</b>		
1. Loan Agreement	\$ 125,000,000 loan granted by Lehman Brothers Holdings Inc. ("Lehman Brothers") to Diamante Cabo San Lucas S de R.L. de C.V. ("Diamante Cabo") a Mexican limited liability company, for development of real property and Golf course located in Cabo San Lucas, B.C.S. Mexico (the "Loan").	Reviewed
2. Promissory Note	Promissory Note executed by Diamante Cabo, in favor of Lehman Brothers for the principal amount of \$125,000,000.00 USD.	Reviewed
3. Assignment of Leases and Rents	<p>Assignment agreement of leases and rents entered into by and between Diamante Cabo and Lehman Brothers, dated March 10, 2006.</p> <p>Diamante Cabo assigns to Lehman Brothers its lessor's interest in and to all leases and other agreements affecting the possession, use, enjoyment and occupancy of all or any part of the property in trust.</p>	As a post closing matter we should consider terminating this agreement since (i) the assigned assets are located in Mexico, (ii) they form part of the trust assets, and (iii) the agreement is governed by US Law.

Documents / Items	Brief Description	Status / Notes
4. Pledge Agreement Without Transfer of Possession	Pledge Agreement Without Transfer of Possession over all of Diamante Cabo's assets executed by Diamante Cabo in favor of Lehman Brothers securing \$125,000,000.00 USD.	Terminated on March 6, 2009, since all such assets were transferred to the Trust.
5. Recourse Guaranty		Pending to receive
6. Environmental Indemnity Agreement	Environmental Indemnity Agreement entered into by and between Diamante Cabo, Kenneth A. Jowdy ("Jowdy") and Lehman Brothers from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, cost and expenses resulting of an environmental claim, among others.	Reviewed
7. Pledge Agreement over Mexican equity quotas	Pledge Agreement over Diamante Cabo's equity quotas entered into by and between Diamante Cabo San Lucas LLC ("Diamante LLC"), Jowdy and Lehman Brothers.	Reviewed
8. Pledge Agreement governed by US laws	Pledge Agreement governed by US laws (State of New York) entered into by and between Diamante LLC, Jowdy and Lehman Brothers.  The asset pledged hereunder is the membership interest of Diamante Cabo.	Reviewed.  We need to Consider terminating such pledge as it is granted over the same assets pledged under the agreement mentioned in 7 above.

Documents / Items	Brief Description	Status / Notes
9. Pledge Agreement entered into by and between Jowdy and US LLC Members	Pledge and Security Agreement over partnership interest entered into by and between Jowdy, Baja Ventures 2006 LLC, Diamante Properties LLC, CSL Properties, Kaj Holdings LLC, and Lehman Brothers.	Reviewed
10. Omnibus Assignment	<p>Omnibus Assignment made by Diamante Cabo in favor of Lehman Brothers.</p> <p>Diamante Cabo assigns all of its rights, title and interest in any and all construction contracts, permits and all other agreements pertaining to the construction of the improvements or with respect to the land.</p>	<p>Reviewed.</p> <p>We need to Consider terminating such assignment as such rights are now part of the Trust Assets.</p>
11. Guaranty granted by Jowdy and US LLC Members		Pending to receive
12. Irrevocable Guarantee Trust Agreement with Transfer of Ownership No. F/00321	Irrevocable Guarantee Trust Agreement with Transfer of Ownership entered into by and between Diamante Cabo, Lehman Brothers and Banco J.P. Morgan, S.A., Institución de Banca Múltiple, J.P. Morgan Grupos Financiero, as trustee (the "JP Morgan Trustee").	Reviewed

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<b>CONTRACTS AND ASSIGNMENTS OF RIGHTS</b>		
13. Omnibus Assignment Assumption	Lehman Brothers has assigned, set-over and conveyed to Danske Bank A/S, London Branch ("Danske") all of Lehman Brother's rights, title and interest with respect to the \$125,000,000.00 loan granted to Diamante Cabo.	Reviewed
14. Assignment Agreement of beneficiary interest under Irrevocable Guaranty Trust Agreement ("Trsust")	Assignment Agreement of beneficiary interest under Guaranty Trust executed on March 5, 2009, whereby Lehman Brothers assigned to Danske all is beneficiary rights under the Trust. The Bank of New York Mellon, S.A., Institución de Banca Multiple (the "Trustee") appeared in the execution of such agreement as successor trustee of the Trust in place of the JP Morgan Trustee.	Executed before a Notary Public in Mexico City by Danske and Diamante Cabo on February 27, 2009 and by Lehman Brothers and the Trustee on March 5, 2009.
15. Assignment Agreement of Pledge over Equity Quotas	Assignment Agreement of Pledge over equity quotas entered by and between Diamante LLC, Jowdy and Danske Bank with the appearance of Diamante Cabo.	Executed before a Notary Public in Mexico City by Danske, Diamante Cabo and Jowdy on February 27, 2009, and by Lehman Brothers on March 5, 2009.
(a) Exhibit A	Form of Certificate of the Manager of Diamante Cabo stating the assignment of the pledge.	Delivered by Diamante Cabo.

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16. Assignment Agreement of Pledge over Assets	Assignment Agreement of Pledge over Assets entered by and between Lehman Brothers and Danske Bank with the appearance of Diamante Cabo.	Executed before a Notary Public in Mexico City by Danske and Diamante Cabo on February 27 2009, and by Lehman Brothers on March 5, 2009.  Such pledge was terminated on March 6, 2009.
<b>INSURANCE POLICIES</b>		
17. Insurance Policy of Property Ownership No. M-7742-PROFORMA	Insurance policy granted by Stewart Title Guaranty de México, S.A. de C.V.  The amount of insurance is \$62, 500,000.00 USD and covers Lots I, II, III, IV, V, VI, VII and Polygon I.	Reviewed
18. Insurance Policy of Property Ownership No. LTIC: MEX 2006 02 2824	Insurance policy granted by Lawyers Title Insurance Corporation.  The amount of insurance is \$62,500.000.00 USD and covers Lots I, II, III, IV, V, VI, VII and Polygon I	Policy issued in the United States of America.



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19. New Insurance Policy of Property Ownership in favor of Danske Bank	<p>a) Commitment for Title Insurance issued by Fidelity National Title de México, S.A. de C.V.</p> <p>Title No. FNTMX09-0000167</p> <p>Proposed insured: Danske Bank</p> <p>Amount: US\$62,500,000.00</p> <p>b) Commitment for Title Insurance issued by Stewart Title Guaranty de Mexico, S.A. de C.V.</p> <p>Title No. 2009MX020003</p> <p>Proposed insured: Danske Bank A/S, London Branch</p> <p>Amount: US\$62,500,000.00</p>	Once the policies are issued and the subdivision of the land is formalized and registered in the public registry of property, consider amending such policies to reflect such subdivision.
<b>CORPORATE DOCUMENTS</b>		
20. Public deed No. 65,011 containing General Partners Meeting Minutes of Diamante Cabo	Partners Meeting Minutes authorizing (i) modification to the corporate bylaws; (ii) pledge over equity quotas of Diamante Cabo in favor of Lehman Brothers, (iii) corporate capital adjustment.	Reviewed
21. General Partners Meeting Minutes accepting Danske Bank as assignee of Lehman Brothers rights under the Loan.	Partners Meeting Minutes authorizing (i) Danske Bank as assignee of Lehman Brothers, (ii) amendment to the corporate by-laws in order to reflect such assignment; and (iii) ratification of Jowdy as General Manager of Diamante Cabo.	Executed on March 6, 2009

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22. Diamante Cabo By-Laws Amendment	Danske Bank appears as new assignee of the Loan, Promissory Note, Trust Agreement, Assignment of Lease and Rents, Environmental Indemnity and Omnibus Assignment.	Reviewed including JNN comments thereto.
23. Power of Attorney of Diamante Cabo	Power of Attorney granted in favor of Jowdy to execute amendment documents.	Reviewed
24. Power of Attorney of Lehman Brothers	Special Power of Attorney for execution of assignments in favor of Danske Bank.	Reviewed
25. Opinion form Diamante Cabo's Mexican Counsel	Opinion regarding closing conditions.	Reviewed
<b>"AMPARO" PROCEEDING STATUS</b>		
26. Constitutional claim ( <i>Amparo</i> ) under docket 958/2007, filed by Aida Gómez Ruibal before the 1st District Court in Baja California Sur, Mexico.	Claim was dismissed.	Copy of the resolution abstract published on the internet site of the District Federal Court of Justice.
<b>DIAMANTE CABO PROJECT DOCUMENTS (THIRD PARTY REPORTS)</b>		
27. Environmental Site Assessments (Phase I)	Executive summary describing the site development in Cabo San Lucas, Mexico.	Need a technical opinion
28. Ground Mechanics Report for river runoff (escurrimiento)	General zone description, laboratory test results, ground composition and conclusions	Need a technical opinion

Documents / Items	Brief Description	Status / Notes
29. Geotechnical Evaluation Report (Phase I)	General zone description; location studies, geology studies, seismic studies, reconnaissance report, key photographs, conclusions.	Need a technical opinion
30. Ground Mechanics Report for roads	Study description, laboratory test, ground composition, recommendations for roads construction.	Need a technical opinion
31. Ground Mechanics Report for roads (Adendum No.1)	Additional information in connection with the ground mechanics report for roads	Need a technical opinion
32. Ground Mechanics Report for roads (Principal Boulevard)	Study description, laboratory tests, ground composition, recommendations for roads construction, general recommendations.	Need a technical opinion
33. Ground Mechanics for Golf course holes 2 to 7	Study description, general zone description, exploration method, ground composition, conclusions and recommendations.	Need a technical opinion
34. Ground Mechanics Report for artificial lake construction	Study description, general zone description, laboratory tests, ground composition, geotechnical foundations analysis, earth movements, conclusions and recommendations	Need a technical opinion



Documents / Items	Brief Description	Status / Notes
<b>DIAMANTE CABO PROJECT DOCUMENTS (FEDERAL)</b>		
35. Federal Commission of Electricity (Feasibility Letter) File#: DA02C-OPL-0284/2006 Date: March 29, 2006 Validity: N/A No. of Pages: 2	Request for electric service/ Written notice informing that the Federal Commission of Electricity is capable to provide electric service (feasibility granted). The requester shall observe the procedures regarding electrical energy distribution and projects constructed by third parties	Need a technical opinion
36. Federal Commission of Electricity (Electricity service application) File #: DA02C-OPL-0894/2007 Date: May 17, 2007 Validity: N/A No. of Pages: 6	Application form for electric service under the contribution regime/ Written notice from the Federal Commission of Electricity demanding additional information in connection with the electric service request.	Need a technical opinion
37. Federal Commission of Electricity (Electricity service update) File #:UVSEIE 157-A Date: February 22, 2008 Validity: N/A No. of Pages:8	Written notice from the Verification Unit of Electrical Installations and Street lighting of La Paz Baja California Sur, explaining the impossibility to close certification process due to the fact that the client needs to present the entire project and to modify the electric devices.	Need a technical opinion
38. Federal Commission of Water Service(expert opinion of non rain affection File #: BOO.00.E02.00.5 Date: May 8,2006 Validity: N/A No. of Pages: 2	Letter from Kenneth Jowdy requesting expert opinion of non rain affection/ Written notice from the National Commission of Water Service informing that the land is affected by river currents with national property characteristics due to fact of rain affection.	Need a technical opinion

Documents / Items	Brief Description	Status / Notes
39. Federal Commission of Water Service (expert opinion of non rain affection) File #: BOO.00.E02.00.5 Date: September 25, 2006 Validity: N/A No. of Pages: 1	Written notice from The National Commission of Water Service recommending the construction of a rain water network in order to prevent rain affection to the project and third parties.	Need a technical opinion
40. Federal Commission of Water Service (residual water discharge permit) File #: BCS-E-0591-28-08-06 Date: November 22, 2006 Validity: Permanent No. of Pages: 5	Written notice from the National Commission of Water Service authorizing the construction of a 70 meters deep water well and 4,500 m3/day residual water discharge	Need a technical opinion
41. Federal Commission of Water Service (Construction permit to build on federal zone) File #: BCS-L-0174-29-02-08 Date: July 1 <sup>st</sup> , 2008 Validity: Permanent No. of Pages: 4	Request to build on Federal Zone/ Written notice authorizing (hydraulic and hydrologic point of view) construction on federal zone.	Need a technical opinion
42. ZOFEMAT (Zona Federal Marítimo Terrestre)	Permit to use beach front.	Has not been requested by Diamante Cabo. Important to follow up as a post closing matter: without this authorization Diamante Cabo cannot use the beach front.
<b><i>Note: In connection with the environmental authorizations and permits it is our opinion that the Project generally complies with applicable environmental regulation except for some conditions that have not been met and inspections of the authority that are pending to be carried out.</i></b>		

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<p>43. File # S.G.P.A/DGIRA.DEI.0490 .06 Date: March 13, 2006  No. of Pages: 10</p>	<p>Ministry of the Environment and Natural resources (Response to the request of the (Environmental Impact Statement) EIS December 20, 2005).</p> <p>We did not revive the EIS December 20, 2005, however the response is sufficient for our analysis.</p>	<p>Did not receive copies of the EIS as submitted by Diamante Cabo. Receipt of Agency response to the filing of the EIS and modifications.</p> <p>This authorization is for the entire project and is the result of numerous information exchanges. It contains conditions that must be satisfied by Diamante Cabo.</p>
<p>44. General Guidelines for the prevention and control of negative impacts to the environment. (Lineamientos Generales para la prevención y control de impactos negativos al ambiente). October, 2006.</p>	<p>Document prepared by <i>Consultoría y Gestión Ambiental</i> establishing the guidelines to be followed in the preparation, construction and operation phases of the tourism development.</p>	<p>No evidence of filing with authority.</p> <p>Related to the compliance of condition 6 of the document # S.G.P.A/DGIRA.DEI.0490 .06, dated March 13, 2006.</p>
<p>45. File # S.G.P.A/DGIRA.DEI.1095 .06 Date: June 2, 2006 Validity: 30 years No. of Pages: 83</p>	<p>Ministry of the Environment and Natural resources (Environmental Impact Statement (EIS))</p>	<p>This authorization reflects the change to the name of the project promoter. This authorization contains 9 individual compliance conditions.</p>

Documents / Items	Brief Description	Status / Notes
<p>46. Letter from Fernando Manuel García Campuzano.</p> <p>September 14, 2006.</p>	<p>This letter corresponds to the Environmental Monitoring Program and delivery of technical studies for the determination of the financial guarantee. The following documents:</p> <p>(a) Technical Study for the determination of the financial guarantee (<i>Estudio técnico-económico para la determinación, tipo, monto y mecanismo de adquisición</i>)</p> <p>(b) Environmental Monitoring Program (<i>Programa de Monitoreo Ambiental</i>)</p>	<p>It is not an official document and no evidence of filing with authority.</p> <p>Related to compliance condition 4 of the document S.G.P.A/DGIRA.DEI.1095 .06, dated June 2, 2006. The Study proposed the deposit of 556,552.00 Pesos.</p>
<p>47. Letter from Fernando Manuel García Campuzano. Dated December 11, 2006. Received February 2, 2007.</p>	<p>This letter attached the following documents:</p> <p>(a) Program of relocation and handling of protected vegetation (<i>Programa de reubicación y manejo de vegetación protegida</i>)</p> <p>(b) Preliminary Program for Protection of the Marine Turtle (<i>Programa Preliminar de Protección a la Tortuga Marina</i>).</p>	<p>Related to the compliance condition 6 of the document S.G.P.A/DGIRA.DEI.1095 .06, dated June 2, 2006.</p> <p>Related to the compliance condition 7 of the document S.G.P.A/DGIRA.DEI.1095 .06, dated June 2, 2006.</p>
<p>48. Letter from Fernando Manuel García Campuzano, Received August 9, 2007</p>	<p>Presenting the Annual Report compliance conditions of S.G.P.A/DGIRA.DEI.1095.06.</p>	<p>Did not receive 2008 Annual Report compliance S.G.P.A/DGIRA.DEI.1095 .06.</p>

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<p>49. File #: SEMARNAT-BCS. 02.02857/06</p> <p>Date: July 10, 2006</p> <p>Validity: Four years from date of receipt.</p>	<p>Ministry of the Environment and Natural resources (Technical Justification Report authorizing Land Use Change). The land use was changed from forest area to Tourist – Residential.</p>	<p>Approval with 23 individual conditions, including:</p> <ol style="list-style-type: none"> <li>1. Project must comply with measures contained in Technical Justification Study, Environmental Impact Approval, File # S.G.P.A./DGIRA.- DEL.1095.06 issued on June 6, 2006, the criteria contained the Ecological Plan for the Urban and Tourism Development in the Municipality of Los Cabos, Baja California Sur.</li> <li>2. Implement a flora and fauna rescue, collection and relocation plan, within 20 days of receipt, in accordance with the Mexican Technical Standard NOM-059-SEMARNAT-2001.</li> <li>3. File semi-annual and conclusion reports throughout the duration of the project.</li> </ol>
<p>50. Program of Wildlife Protection (<i>Programa de Protección a la Fauna Silvestre</i>)</p>	<p>Study based upon NOM-059-SEMARNAT-2001 which identifies the wildlife of Diamante Cabo and establishes measures to protect negative environmental impacts.</p>	<p>No evidence of filing with authority.</p> <p>Related to the compliance condition 6 of the document #S.G.P.A/DGIRA.DEL.109 5.06, dated June 2, 2006.</p>
<p>51. Letter from Fernando Manuuel García Campuzano, Dated March 22, 2006. Received March 31, 2006.</p>	<p>Presenting the Technical Justification Study.</p>	<p>Did not receive the Technical Justification Study. Only have evidence of filing with the authority.</p>



Documents / Items	Brief Description	Status / Notes
52. File #: 1071/06 Acknowledgement of receipt of Flora Rescue and Relocation Plan Date: August 7, 2006	Ministry of the Environment and Natural resources (Rescue Plan-Native Plants semi-annual report)	Did not receive semi-annual reports of the compliance of Fauna Rescue and Relocation Plan.  Related to the compliance of condition IV of the document # SEMARNAT-BCS. 02.02857/06, dated July 10, 2006.
53. Letter from Fernando Manuel García Campuzano. Dated and received August 9, 2007.	Presenting: Report of Implementation Program for the Relocation of Protected Vegetation ( <i>Informe de Ejecución del Programa de reubicación de vegetación protegida</i> ).	Did not receive other reports for 2008.  Related to the compliance condition IV of the document # SEMARNAT-BCS. 02.02857/06, dated July 10, 2006.
54. Vegetation Recovery Log	Dated November 11, 2006.	It is not updated.

Documents / Items	Brief Description	Status / Notes
<p>55. File #: S.G.P.A/DGIRA.DGI/179 2.06</p> <p>Date: September 12, 2006</p> <p>Validity: Same as June 2, 2006 authorization.</p>	<p>Ministry of the Environment and Natural resources (Modifications to the original project authorization 12/09/06)</p>	<p>This authorization of modifications is limited to the relocation of the 1) wastewater treatment plant (Approved), 2) the desalinization plant (Approved), and holes 2-8 on the Golf Links Course (Approved), as well as the authorization to construct on a temporary basis a water pond during the construction phase of the project (Approved) and the reconsideration of the denial of authorization for the saltwater wells and the injection well for the residue from the desalinization plant (Approved). These approvals are subject to the compliance conditions established in the June 2, 2006 authorization.</p>
<p>56. File #: S.G.P.A/DGIRA/DG/0427 /07</p> <p>Date: February 26,2007</p> <p>Validity: N/A</p>	<p>Ministry of the Environment and Natural Resources (Resolution informing of the need for an Environmental Impact Statement for golf holes from 2 to 8)</p>	<p>Denied request to modify Golf holes 2-8. Required environmental impact Statement regarding Golf holes from 2 to 8. Please note that on item 58, such amendment was approved.</p>
<p>57. File #: S.G.P.A/DGIRA/DG/2963 /07.</p> <p>Date: December 17, 2007.</p> <p>Validity: Same as June 2, 2006 authorization.</p>	<p>Ministry of the Environment and Natural resources (Modifications to the original project authorizations 17/12/2007)</p>	<p>This authorization of modification is limited to the changes to the configuration of the Golf Villa and Residential Lighthouse developments filed with the authority on November 12, 2007. All other conditions of the approval of June 2, 2006 remain in place.</p>

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58. File #: S.G.P.A/DGIRA/DG/0110/08 Date: March 7, 2008.  Validity: 30 years.  Pages. 51	Ministry of the Environment and Natural Resources (Environmental Impact Authorization regarding original golf course design (Holes 2-8))	This authorization of modification is limited to the changes to the configuration of Golf holes 2-8. This authorization is subject to 13 independent compliance conditions (pages 47-51).
59. Program of dunes monitoring ( <i>Programa de monitoreo de dunas</i> ). Dated August 2008.	Technical study of negative environmental impact of Diamante Cabo regarding monitoring of the sand dunes.	No evidence of filing with authority.  Related to the compliance condition 3 of the document #S.G.P.A/DGIRA/DG/0110/08, dated March 7, 2008.
<b>DIAMANTE CABO PROJECT DOCUMENTS (STATE)</b>		
60. State Ministry of Urban Design, Infrastructure and Environment (Master plan approval ) File #: 0479 Date: June 8, 2006 Validity: N/A No. of Pages: 4	Letter from Fernando Manuel García Campuzano, presenting master plan of the tourist project Diamante Cabo / written notice from State Ministry of Urban Design, Infrastructure and Environment authorizing land use for "Integral Tourist Development".	Reviewed.  The Written notice requested the obtaining, from the Municipal authorities, of the approval for the use of land (which was granted as of May 17, 2006 see item 67 below).  Please note that additional authorizations shall be required for each specific phase or project within the master project (we do not have information about specific phases of the project).

Documents / Items	Brief Description	Status / Notes
<b>DIAMANTE CABO PROJECT DOCUMENTS (MUNICIPAL)</b>		
61. OOMSAPAS (Feasibility letter- Water) Date: March 23, 2006 No of Pages: 1	Letter addressed to the Municipal Operator of Potable Water System, Sewer System and Drainage of Los Cabos, requesting feasibility analysis in order to provide potable water for the project	The letter requested 430,000 liters of water per day.  We did not find any letter from the Municipal Operator of Potable Water System replying specifically to this petition.
62. OOMSAPAS (Authorization for Water service) File # : D.G. 502-08/07 Date: August 13, 2007 Validity: 3 Months No. of Pages: 2	Written notice from the Municipal Operator of Potable Water System, Sewer System and Drainage of Los Cabos, authorizing 3 months of potable water supply, conditioned to the construction of the sewer system infrastructure, and request for the complete executive project for review and authorization.	The written notice was issued as a reply to a petition dated July 26, 2007 (of which we do not have copies of), and contains the authorization to supply 4 liters per second (equivalent to 345,600 liters per day). This authorization provided for less water than requested on the letter dated March 23, 2006 mentioned above. Although this authorization had 3-month validity – already elapsed-, we found evidence that the water service has been provided since August 2007 and, currently, there is an outstanding balance of \$668,182. <sup>00</sup> Mexican pesos. Such amount was provided by the local water authority (OONSATAS).



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<p>63. DGDUE (Construction permit) File #: 0395LIC-CSL12/LIC2008 Date: April 16, 2008 Validity: 3 years No. of Pages: 1</p>	<p>Construction permit for 3 years for building residential home issued by the Central Office of Environmental and Urban Development of the City Council of Los Cabos Baja California Sur.</p>	<p>The construction was authorized to occur within Polygon 1 (resulting after parceling out occurred on April 25, 2008 see item 22 below). Our only note is that it is for a construction in the amount of almost \$46 million pesos, which is huge for a residential home. Perhaps it refers to the main offices, or to several villas.</p>
<p>64. DGDUE (Construction permit 14/08/07) File #: 01576SJC01/LIC Date: August 14, 2007 Validity: 3 Years No. of Pages: 1</p>	<p>Construction permit for 3 years for building a machinery room and wells issued by the Central Office of Environmental and Urban Development from the City Council of Los Cabos Baja California Sur.</p>	<p>The construction was authorized to occur within Polygon I</p>
<p>65. DGDUE (Construction permit) File #: 234/2006-CSL Date: August 8, 2006 Validity: 3 Years No. of Pages: 1</p>	<p>Construction permit for 3 years for movement of dirt, grading, leveling.</p>	<p>The construction was authorized to occur within Polygon I</p>
<p>66. CADASTRAL BUREAU (Deslinde Catastral-Parcel I) Date: March 23, 2006</p>	<p>Letter requesting survey of land (to ascertain boundaries) of 600 hectare in which the project Diamante del Mar will be built.</p>	<p>Reviewed.  In addition, we obtained copy of the written notice issued by the Cadastre office on June 5, 2006 showing that, after the survey of land, the new area for the property is of 518-65-09.65 hectares.</p>



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<p>67. DGPDU (Land Use authorization) File #: 337/06 Date: May 17, 2006 Validity: Permanent No. of Pages: 2</p>	<p>Letter requesting use of land assignation/ Written notice from the Central Office of Planning, Environment and Urban development of the City Council of Los Cabos Baja California Sur, authorizing land of use to the integral project.</p>	<p>The Municipal authorization is usually issued after the State's authorization described on item 60 above, however this authorization was issued before that date and the notice referenced does not correspond with any of the documents reviewed.</p>
<p>68. DGPDU ("Relotificación" authorization) File #: 530/06 Date: July 6 2006 Validity: Permanent No. of Pages: 3</p>	<p>Written notice from the Central Office of Urban Planning of the City Council of Los Cabos Baja California Sur authorizing parceling out</p>	<p>Should be notarized and recorded at the Cadastre office and at the Public Registry of the Real Property, however, we have no evidence that this has occurred.</p>
<p>69. DGPDU (Master plan authorization) File #: 547/06 Date: July 20, 2006 Validity: Permanent No. of Pages: 2</p>	<p>Written notice from the Central Office of Urban Planning of the City Council of Los Cabos Baja California Sur authorizing master plan of "Diamante del Mar".</p>	<p>Reviewed</p>
<p>70. DGPDU (Favorable experts opinion) File #: ST/364/2006 Date: July 28, 2006 No. of Pages: 1</p>	<p>Written notice from the Central Office of Urban planning of the City Council of los Cabos Baja California Sur authorizing ground works of the Integral tourist project Diamante del Mar.</p>	<p>Reviewed</p>
<p>71. DGPDU (Favorable opinion -no activity on dunes-) File # : DE-IT-VB-45/04/08/06 Date: August 4, 2006 No. of Pages: 2</p>	<p>Written notice from the Central Office of environment and ecology giving its approval in environmental issues for construction with the exception of construction on dunes.</p>	<p>Reviewed</p>

Documents / Items	Brief Description	Status / Notes
<p>72. DGPDU (Favorable opinion for wells construction) File # : ST/378/PU/2006 Date: August 8, 2006 No. of Pages: 2</p>	<p>Written notice from the Central Office of Planning, Environment and Urban Development from the City Council of Los Cabos Baja California Sur, giving its approval for the construction of wells, subject to the attainment by Diamante Cabo of Federal Zone permit for beach and sea areas rights of use.</p>	<p>Reviewed (Written notice subject to the attainment by Diamante Cabo of the Federal Zone permit for beach and sea rights of use))</p>
<p>73. DGPDU (experts' opinion requirement) File#: OV/418/PU/2006 Date: October 18, 2006 No. of Pages: 1</p>	<p>Written notice from the Central Office of Planning, Environment and Urban Development from the City Council of los Cabos Baja California Sur requesting for an expert opinion from the Municipal Central Office of environment in order to determinate if an ecological impact study is required by the federal, local or municipal authority.</p>	<p>We have no evidence or information as to whether Diamante Cabo actually provided the expert opinion requested.</p>
<p>74. DGPDU ("Relotificación" authorization) File#: 051/07 Date: January 15, 2007 No of Pages: 9</p>	<p>Written notice from the Central Office of Planning, Environment and Urban development from the City Council of Los Cabos Baja California Sur, authorizing parceling out.</p>	<p>This authorization supersedes the parceling out described on item 68 above. It should be notarized and recorded at the Cadastre office and at the Public Registry of the Real Property, however, we have no evidence that this has been occurred.</p>
<p>75. DGPDU (Favorable opinion (Golf holes 2 to 7) File #: ST/015/PU/2007 Date: January 17, 2007 No. of Pages: 1</p>	<p>Written notice from the Central Office of Planning, Environment and Urban development from the City Council of los Cabos Baja California Sur, approving the construction of Golf course holes numbers 2 to 7.</p>	<p>Reviewed</p>

Documents / Items	Brief Description	Status / Notes
76. DGPDU (Favorable opinion ratification) File #: DE-IT-VB-09/09/18/04/07 Date: April 18, 2007 No. of Pages: 2	Written notice from the Central Office of Planning, Environment and Urban development from the City Council of los Cabos Baja California Sur giving its approval and clarifying that the area is free from pollutant materials, liquid or solid waste classified as dangerous and biological infectious materials.	Reviewed
77. DGPDU (Favorable opinion (vegetation)) File #: DEMA-112/23/03/07 Date: March 23, 2007 No. of Pages: 2	Written notice from the Central Office of Planning, Environment and Urban development from the City Council of los Cabos Baja California Sur giving its approval and ratification to build golf course holes 2 to 8.	Reviewed
78. DGPDU (Favorable opinion on wells and machines room) File #: 641/07 Date: June 11, 2007 No. of Pages: 1	Written notice from the Central Office of Planning, Environment and Urban Development from the City Counsel of los Cabos Baja California giving its approval for the construction of wells and machine rooms.	Reviewed
79. DGPDU (Land Use Authorization) File#: 1270/07 Date: November 07, 2007 No. of Pages: 2	Written notice from the Central Office of Planning Environment and Urban Development from the City Counsel of los Cabos Baja California Sur authorizing land use as low density tourist accommodation	The authorization was granted for Polygon 1, which as per the last parceling out (item 74) its surface area was of 217-76-55.343 hectares; it is recommended to verify if only Polygon 1 will be subject to the AT-0 use of land category.

Documents / Items	Brief Description	Status / Notes
80. DGPDUE (Technical supervision authorization) File #: 1270/2007 Date: November 7, 2007 No. of Pages: 1	Written notice from the Central Office of Planning Environment and Urban Development from the City Counsel of los Cabos Baja California Sur giving its approval for the construction of five model houses "Golf Villas"	Our only comment is that the authorization makes reference to Construction License # 01576-SJC-01/LIC but, this is wrong, for such License refers, not to the 5 homes, but to wells and machinery rooms.
81. DGPDUE ("Relotificación" Authorization) File #: RELOT/018/PU/2008 Date: April 25, 2008 No. of Pages: 10	Written notice from the Central Office of planning, Environment and Urban Development from the City Counsel of los Cabos Baja California Sur authorizing new parceling out.	The document looks fine, and should be notarized and recorded at the Cadastre office and at the Public Registry of the Real Property; however, we have no evidence that this has been occurred.
82. DGPDUE ("Relotificación" Authorization supplemental filing) File #: 027/PU/2008      Date: August 25, 2008      No. of Pages: 1	Written notice from the Central Office of Planning, Environment and Urban Development from the City Counsel of los Cabos Baja California Sur authorizing new parceling out.	This last parceling out contains changes on the surface area of Polygons 1 and 3 resulting from the parceling out dated April 25, 2008. Currently, and as a result of this notice, the cadastral identification number and the description of the parcels at the Cadastre office have changed according to this notice. However, this is pending of being notarized and recorded at the Public Registry of Real Property.
83. DGPDUE (Land Use Authorization) File #: 641/2008 Date: September 9, 2008 No. of Pages: 2	Written notice from the Central Office of Planning Environment and Urban Development from the City Counsel of los Cabos Baja California Sur authorizing land use as beach.	The beachfront use of land was requested by Diamante Cabo to obtain the Federal Zone permit for beachfront area.

Documents / Items	Brief Description	Status / Notes
<b>DIAMANTE CABO PLANS</b>		
84. Original Site Survey	Diamante Cabo Location Sketch	Need an expert review and opinion – received
85. Updated Site Survey	Diamante Cabo Location Sketch update	Need an expert review and opinion – received
86. Master Plan –Rendering	Diamante Cabo Master Plan Rendering	Need an expert review and opinion – received
87. Master Plan (pdf)	Master Plan Sketch of housing development.	Need an expert review and opinion – received
88. Master –CAD	Pending	Impossible to visualize (special computer program)
89. Future Development Parcel	Future development parcel coordinates	Need an expert review and opinion – received
90. Hotel Parcel	Hotel Parcel coordinates	Need an expert review and opinion – received
91. Beachfront Parcel	Beach front Parcel coordinates	Need an expert review and opinion – received
92. Planta de Desaladora de Agua	Desalination Plant building plan	Need an expert review and opinion – received
93. Topographic plan (pdf)	Topographic plan	Need an expert review and opinion – received
94. Topographic plan (CAD)	Pending	Impossible to visualize (special computer program)



Documents / Items	Brief Description	Status / Notes
95. Dunes Golf Course –As built Plan (CAD)	Pending	Impossible to visualize (special computer program)
96. Utilities –Water Service Master Plan	Utilities Water Service Master Plan.	Need an expert review and opinion
97. Utilities- Sewer Service Master Plan	Utilities Sewer Service Master Plan	Need an expert review and opinion – received
98. Utilities –Electrical Service Master Plan	Utilities Electrical Service Master Plan	Need an expert review and opinion – received
99. Utilities- Telecommunications	Utilities Telecommunications Service Master Plan	Need an expert review and opinion – received
100. Golf Villa Option 1 – Architectural, Structural, infrastructure	Golf Villa 1 Floor Plan and Roof Plan	Need an expert review and opinion – received
101. Golf Villa Option 2 – Architectural, Structural, infrastructure	Elevation 1 Front Facade, Elevation 2 Front Facade, Elevation 3 Golf Facade.	Need an expert review and opinion – received
102. Golf Villa Option 3 – Architectural, Structural, infrastructure	Golf Villa 3 First Floor Plan, Structural Floor, Foundations, Sections 1, 2 and 3, Structural Floor Roof Garden, Electrical devises Second Floor, Bathroom Fittings Installation Second Floor, Electrical devises Second Floor, Bathroom Fittings Installation First Floor, Golf Villa Roof Plan, Elevation 1 Front Facade, Elevation 2 Left Facade, Second Level Floor Plan A, Elevation 3 Golf Facade, Elevation 4 Right Facade, Second Level Floor Plan B.	Need an expert review and opinion – received

Documents / Items	Brief Description	Status / Notes
<b>DIAMANTE CABO SCHEDULE OF PERSONAL PROPERTY</b>		
103. Equipment List/Inventory	Equipment Inventory Golf Course including Tractors, Utility Vehicles, Fairways, Greens/Tee Mowers, Spreaders, Hand Equipment, Shop Equipment, Irrigation Equipment, Back up generators	Reviewed
104. Desalination Plant Equipment List	Desalination Plant A and B, Pump list.	Reviewed
<b>DIAMANTE CABO CONTRACTS AND AGREEMENTS</b>		
105. Diamond Golf International Date: December 13, 2006	<p>Construction Agreement entered into by and between Desarrollos Inmobiliarios DGI, S.A. de C.V and Diamante Cabo regarding the furnishing of all labor, materials, equipment, supplies, supervision and all other things necessary to perform the portion of the Resort work ordered by Diamante Cabo</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>• The Dunes Course: \$5,823,978.70 MEX</li> <li>• Irrigation System: \$2,300,000.00 MEX</li> <li>• Sod Farm: \$469,854.12 MEX.</li> </ul>	<p>Status: Active</p> <p>95%of the contract completed, approximately \$300,000.00 MEX remaining to be paid.</p> <p>Prior written consent of the parties is required for any assignment.</p> <p>Rights of this agreement to be assigned into the trust.</p> <p>Diamante to follow-up as a post closing mater.</p>

Documents / Items	Brief Description	Status / Notes
<p>106. Performance Bond from Afianzadora Insurgentes The St. Paul Group.</p>	<p>Performance Bond in an amount equivalent to 10% (\$7,047,014.15) of the total value of the contract that shall remain until final by Diamante Cabo.</p> <p>Performance Bond issued by the following broker: Afianzadora Insurgentes The St. Paul Group.</p>	<p>Status: Active</p> <p>Reviewed</p> <p>Completion by DGI of works referred to in the contract referred to in item 105 above.</p> <p>Rights of this agreement to be assigned into the trust in accordance with the terms thereof.</p> <p>Diamante to follow-up as a post closing mater.</p>
<p>107. Letter of Intent Date: February 22, 2007</p>	<p>Letter of Intent confirming that Diamante intends to enter into final negotiations and execute a contract with Edificadora Gema S.A. de C.V. for the ground works, grading and utility activities to support the construction of Diamante boulevard and Golf Villas.</p>	<p>Reviewed</p> <p>Definitive agreements to reflect assignment of rights into the trust.</p> <p>Diamante to follow-up as a post closing mater.</p>
<p>108. ACERO Construcciones- Date: August 2008</p>	<p>Development Agreement entered into by and between Diamante Cabo and Ceseña Romo y Asociados S.C. regarding the construction of Maintenance Building (plans A and B), including work construction permits before Mexican authorities.</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>Estimated \$5,562,538.94 MEX subject to the fluctuation on raw materials and salaries changes in the market.</li> </ul>	<p>Date of works delivery: December the 1rst 2008</p> <p>Status: Active</p> <p>32% of the contract completed</p> <p>Prior written consent of the parties is required for any assignment.</p> <p>Rights of this agreement to be assigned into the trust.</p> <p>Diamante to follow-up as a post closing mater.</p>

Documents / Items	Brief Description	Status / Notes
<p>109. ACERO Construcciones Date: August 1<sup>st</sup>, 2008</p>	<p>Development Agreement entered into by and between Diamante Cabo and Ceseña Romo y Asociados S.C. regarding construction of the Comfort Station 1 and 2.</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>Estimated: \$1,579,506.28 MEX subject to the fluctuation on raw materials and salaries changes in the market.</li> </ul>	<p>Date of works delivery: December 31 2008</p> <p>Status: Active</p> <ul style="list-style-type: none"> <li>Comfort Station 1: 15% complete</li> <li>Comfort Station 2: 0% complete</li> </ul> <p>Prior written consent of the parties is required for any assignment.</p> <p>Rights of this agreement to be assigned into the trust. (need another copy, impossible to read clause 1 of the contract) Document pending to receive.</p>
<p>110. Luxes's –Diamante Blvd /Electrical/Telecomm) Date: July 17, 2008</p>	<p>Private Works Lump Sum Fixed Term Agreement entered into by and between Distribuidora Luxe's S.A. de C.V. and Diamante Cabo regarding fiber optic line construction</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>\$6,185,326.56 MEX</li> </ul>	<p>Date of Works delivery: October 23, 2008</p> <p>Status: Active</p> <p>60% of the contract completed</p> <p>Prior written consent of the parties is required for any assignment.</p> <p>The contractor shall provide Performance bond within no more than 30 days following the date on which the agreement has been executed (no further information regarding performance bond available in the agreement, document pending to receive)</p> <p>Rights of this agreement to be assigned into the trust.</p>



Documents / Items	Brief Description	Status / Notes
<p>111. Ayala-Golf Villas (Electrical/Telecomm)</p> <p>Exhibits: a) Golf Comfort Stations Date: July 30, 2008</p>	<p>Private Works Lump Sum Fixed Term Agreement entered into by and between Ayala y Medranos Electrificaciones S. de R.L. and Diamante Cabo, regarding underground electrical installation, low and high tension for the lighting of Golf Villas</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>\$8,902,734.85 MEX</li> </ul>	<p>Date of Works delivery: November 30, 2008</p> <p>Status: Active</p> <p>9% of the contract completed</p> <p>Prior written consent of the parties is required for any assignment.</p> <p>Rights of this agreement to be assigned into the trust.</p>
<p>112. Letter of Intent (Desalination Plant) O/M Date: October 31, 2007</p>	<p>Letter of Intent addressed to Veolia Water Systems México, S.A. de C.V. from Diamante Cabo, in order to execute a contract for the operation and maintenance of the Desalination Water Plant.</p>	<p>Reviewed</p> <p>Definitive agreements to reflect assignment of rights into the trust.</p> <p>Diamante to follow-up as a post closing mater.</p>
<p>113. Services Agreement Date: May 19, 2008</p> <p>Exhibits: a) Statement of estimated revenues</p>	<p>Services Agreement entered into by and between José Alfredo Ontiveros Macario and Diamante Cabo regarding the supervision of platforms in the resort in the lake area, among others.</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>\$1,600.00 MEX/for each platform</li> </ul>	<p>Date of Works delivery: 90 days following the date on which the agreement has been executed ( May 19, 2008)</p> <p>Status: Active, as per note made by the borrower.</p> <p>Prior written consent of the parties is required for any assignment.</p> <p>Rights of this agreement to be assigned into the trust.</p> <p>Diamante to follow-up as a post closing mater.</p>



Documents / Items	Brief Description	Status / Notes
114. Statement of estimated revenues of Cesaña Romo Asociados S.C. Date: April 18, 2006	Statement of estimated fees of Ceseña Romo Asociados S.C. for the amount of \$3,500.00 USD	Reviewed
115. Work Proposal, construction supervision and environmental advise Date: August 3, 2006	Work Proposal, construction supervision and evironemental advise presented by Consultoría y Gestión Ambiental	Reviewed  Definitive agreements to reflect assignment of rights into the trust.
116. Golf Course Design Contract Date: February, 2006	Golf Course Design Contract entered into by and between Diamante and Love Golf Design, LLC regarding preliminary studies and Golf course design.  Total amount of the contract: <ul style="list-style-type: none"> <li>\$800,000.00 USDLS</li> </ul>	Status: Active  84% of the contract completed  Diamante Cabo agrees to provide and maintain, at its own expense, an insurance policy covering its indemnity obligations no less than US\$2,000.000.00  Prior written consent of the parties is required for any assignment.  Rights of this agreement to be assigned into the trust.  Diamante to follow-up as a post closing mater.

Documents / Items	Brief Description	Status / Notes
117. Letter of Agreement Date: January 30, 2007	Letter of Agreement for the Golf Villas at Diamante Cabo presented by Jennifer Adams Design Group LLC, regarding design, construction documents, project management and construction administration.  Total amount of the contract: Flat rate design fee of \$12,000 per Villa: \$792,000.00 US	Status: Active  75% of the contract completed  Rights of this agreement to be assigned into the trust.  Diamante to follow-up as a post closing mater.
118. Letter of Agreement Date: June 20, 2007	Letter of Agreement containing proposed services and compensation presented by Marsh Associates, Inc. and accepted by Kenneth Jowdy  Total estimated SD Design Fee: \$ 570,000.00 MEX.	Status: Active  32% of the contract completed  Rights of this agreement to be assigned into the trust.  Diamante to follow-up as a post closing mater.
119. Agreement to Provide Landscape Architectural Services Date: November 30, 2006	Letter of Agreement to provide landscape Architectural Services presented by Pinnacle Design Company, and accepted by Kenneth Jowdy  Total design Phase: \$445,000.00	Status: Active  <ul style="list-style-type: none"> <li>Golf Villa Design: 41% completed</li> <li>Master Plan Design: 73% completed</li> </ul> Rights of this agreement to be assigned into the trust.  Diamante to follow-up as a post closing mater.

Documents / Items	Brief Description	Status / Notes
120. Veolia Sales Contract Date: October 31, 2006	<p>Sales Agreement entered into by and between Veolia Water Systems Ingeniería S.A. de C.V. and Diamante Cabo, regarding operational treatment plant upon completion.</p> <p>Total amount of the contract:</p> <ul style="list-style-type: none"> <li>US\$ 2,537,000.00</li> </ul>	<p>Contract completed</p> <p>Performance Bond equivalent to 20% of the value of the contract that shall remain in effect until final acceptance by Diamante Cabo (no further information regarding performance bond available in the agreement –document pending to receive-)</p> <p>Prior written consent of the parties is required for any assignment.</p>
<b>PROPERTY DUE DILIGENCE (PROPERTY SPECIFIC REQUIREMENTS)</b>		
121. Land Document  (No Ejido regime certificate- <i>Certificado de inafectabilidad ganadera</i> )	<p>“No Ejido regime certificate” issued by the Ministry of Agriculture on May 22, 1987</p> <p>Registered under number 76362</p>	Reviewed.

Documents / Items	Brief Description	Status / Notes
122. Property Trust Agreement, easement and donation agreement.	Public Deed number 62, 902, dated September 1st, 2005, executed before Mr. José Alberto Castro Salazar, Notary Public N° 7 in and for the cities of La Paz and Los Cabos, Baja California Sur, regarding Property Trust Agreement , easement and donation for road agreement, entered in and between Alicia Ceseña Agudez de Colli, Atilio Colli Villarino, Organismo Operador Municipal del Sistema de Agua Potable, de los Cabos B.C. Sur, Noveno Ayuntamiento del Municipio de los Cabos B.S and ScotiaBank Inverlat.	Reviewed.
123. Diamante Cabo San Lucas S. de R.L.		
(a) Certificate of non-indebtedness of RE Taxes	Six certificates from the Office of Municipal Treasurer of the City Council of Los Cabos Baja California certifying to be up the date with the payment of RE Taxes until October of 2009.	Reviewed.
(b) Certificates of No Liens Date: February 10, 2009 No. of Certificates: 8	Eight certificates from the Central Office of the Public Register of Companies and Property of the City of Los Cabos, Baja California Sur declaring that Polygon I, lot I, lot II, lot III, lot IV, lot V, lot VI and lot VII are free of encumbrances.	Property is recorded under the name of the trustee of the Guaranty trust agreement, Banco J.P. Morgan, S.A.

Documents / Items	Brief Description	Status / Notes
(c) Certificate of non-indebtedness of water charges	Statement of Account from the Municipal Potable Water System of los Cabos Baja California.	\$668,182.00 MEX are pending to be paid to the Municipal Potable Water System corresponding to the month of February 2009.
(d) Last Property Title Instrument Public Deed No. 65,036 Date: March 10, 2006	Public Deed number 65, 036, dated March 10, 2006, executed before Mr. José Alberto Castro Salazar, Notary Public N° 7 in and for the cities of La Paz and Los Cabos, Baja California Sur, wich was recorder on April 18, 2006 in the Register of Public Property of Los Cabos Baja California under entry 286972	Reviewed.